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THE SPARROWS POINT YARD/LOCAL 33
EMPLOYEE INVOLVEMENT EFFORT

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ABSTRACT

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Employee involvement structures in this country, in any industry, are still in the developmental stage, not having achieved nearly the degree of uniformity as their counterparts in Japan and Europe.

This paper will describe the conditions which stimulated consideration of an employee involvement program, the development of groundrules for its operation, the process of orientation and training which preceded its introduction, successes and failures in its operation, and projections for its role in the future of the Sparrows Point Yard.

The *story* of the Employee Involvement Effort at the Sparrows Point Yard is one that cannot accurately be told in acuum, but must instead be conveyed against the background of the commercial hope and despair and the legal distractions which it has had to withstand and which it continues to have to withstand, to achieve and to maintain the healthy condition which we believe that it enjoys today.

Our presentation will therefore be an attempt to interweave the development of the Employee Involvement Effort, which David will narrate, with the environment within which that development has taken place, which I will periodically interject.

I will begin with a brief profile of the Sparrows Point Yard as it existed at our point of departure in 1981. Located on the Patapsco River just outside of Baltimore, we have been in the business since 1916 of constructing, converting, and repairing commercial and military vessels and, more recently, constructing offshore drilling structures. We have a history since the early 1940's of collective bargaining with the Industrial Union of Marine and Shipbuilding Workers of America, AFL-CIO, ("IUMSWA") and its Local 33.

As we entered into labor agreement negotiations in 1981, Sparrows Point was one of four Bethlehem yards on the East Coast. (The others were the repair yards at East Boston, Hoboken, and Key Highway in Baltimore.) ~~It~~ of the four yards ~~was~~ represented by a separate local of IUMSWA. It ~~was~~ traditional that Bethlehem and IUMSWA, with its locals, would negotiate an East Coast agreement covering all of the yards, and the 1981 negotiations did not depart from that tradition.

At the time of those negotiations, the Sparrows Point Yard employed 2,929 people.

The notion of Employee Involvement was introduced by the company during those 1981 negotiations, although, quite candidly, neither party at the bargaining table knew very much about it. Bethlehem as a matter of corporate policy had endorsed the underlying concept of participative management/quality of worklife efforts, 2nd **it was corporate** representatives who presented it to and urged it upon both the union and the yard management representatives. I think it fair to say that, while both sides explored the idea to the extent of satisfying themselves that it **was** essentially harmless, neither side at that point embraced it with unbridled enthusiasm.

In any event, what emerged from those negotiations was an agreement to which was appended enabling language for the conduct of an Experimental Employee Involvement Effort. The language set forth in very broad terms **the** organizational framework to support the building of the effort, but was for the most part replete with philosophic²¹ musings, which I will quote in part:

The strength and effectiveness of an industrial enterprise in a democratic society require a cooperative effort between labor and management at several levels of interaction. The parties hereto recognize that if Bethlehem's East Coast Shipyard employees are to continue among the best compensated shipyard employees in the world and if Bethlehem's East Coast Shipyards are to meet domestic and international competition, the parties must pursue their joint objectives with renewed dedication, initiative and cooperation.

Collective bargaining has proven to be a successful instrument in achieving common **goals** and objectives in the employment relationship between Bethlehem's East Coast Shipyard labor and management. However, there are problems of a continuing nature at the level of the work site which significantly impact that relationship. Solutions to these problems are vital if the quality of work is to be enhanced and the proficiency of the business enterprise to be improved.

The parties recognize that a cooperative approach between employees and supervision at the work site... is essential to the solution of problems affecting them. Many problems at this level are not readily subject to resolution under existing contractual

programs and practices, but affect the ongoing relationship between labor and management at that level. Joint participation in solving these problems... is an essential ingredient in any effort to improve the effectiveness of the Company's East Coast Shipyards and to provide employees with a measure of involvement adding dignity and worth to their work life.

Armed with such lofty principles (and little else), and not really sure of what they meant, we came back to the Yard and, after ratification of the agreement, set about the business of trying to translate them into something useful.

Employment at Sparrows Point had declined slightly to 2,908 but, with a dwindling order book, more severe reductions were on the horizon. With prospects appearing even more bleak at the other three yards, however, Sparrows Point was selected as the pilot yard for the experiment. We were at that point about to enter the home stretch in our performance of a contract for the construction of five integrated tug-barges and a series of contracts for the construction of offshore drilling rigs - a market which we had only recently succeeded in penetrating. It was becoming increasingly clear that the need for additional work was becoming more urgent with each passing day.

As the commercial market for vessel and rig construction virtually disappeared with falling oil prices and the withering away of CDS and Title XI (as it was applied to rig construction), the government became, for Sparrows Point as for so many other domestic yards, the only potential customer. It ~~was~~ at this point that the Sparrows Point management and the officers of Local 33 began a partnership in a lobbying effort among the members of the Maryland delegation in nearby Washington to secure for the Yard and its employees a share of the limited amount of work which was to be available.

It would perhaps suit our present purposes to attribute this partnership to a spirit of cooperation engendered by the Employee Involvement Effort, but it would be inaccurate to do so. The E.I. Effort was as yet in its infancy and had engendered very little other than confusion. It would be accurate in my judgment, however, to credit this uniting for a common purpose with helping to create an atmosphere, at least among the officers of the Local if not the membership in general, which fostered the successful launching of the E.I. Effort.

The launching of the E.I. Effort began with our retaining an outside consultant to act both as an advisor and as a neutral facilitator. In retrospect, it is a certainty that, without the guidance and intervention of an outsider, the Effort would have died aborting.

Our next step, taken in September of 1981, was the establishment of a joint Union/Management steering committee, with the Union members appointed unilaterally by the Union and an equal number of Management representatives appointed unilaterally by the Management. The Local chose to appoint its officers and negotiators; the Management chose to appoint a cross-section of representatives, including the General Manager, the Human Resources Manager, and representatives from several levels of Production Management.

After a brief period of treading water, the Steering Committee agreed that there was a need for co-coordinators, to facilitate the Committee's meetings and to function as the Committee's liaisons to the Teams as they became established. In November, one such co-coordinator was appointed by the Local and one by the Management.

Before the end of November, several additional steps were taken. Individual interviews were conducted with a randomly-selected cross section

of Yard employees (49 bargaining unit members and 26 Management employees) to evaluate the readiness of the Yard for the establishment of E.I. Teams. A newsletter was distributed to all employees reporting what had been done to date and what was planned. A videotaped briefing, with an in-depth explanation of what the E.I. Effort was all about, was shown to all employees, who were then encouraged to submit to the Steering Committee any unanswered questions.

During December, while the co-coordinators attended a coordinator training program conducted by the American Productivity Center, the Steering Committee continued to meet and to formulate answers to the questions which had been submitted by employees after the videotaped briefing. The answers to those questions were published in a flier which was distributed to all employees.

The E.I. Effort thus enjoyed some momentum as it entered the New Year, but much remained to be accomplished, particularly within the Steering Committee itself. It was painfully obvious in the Committee's meetings that substantial barriers still existed on both sides of the table -- that, in fact, there still were two sides of the table - and that the exchange of ideas and opinions was something less than free.

As the Yard and its employees entered the New Year, the momentum was all in the wrong direction. Layoffs had decreased the workforce to 1,858 -- a reduction of more than 1,000 in 5 months - and manpower projections foretold an even more dramatic downturn around the corner. Despite accelerated marketing and joint lobbying endeavors, the market offered little or no cause for optimism on our part.

The Steering Committee had been discussing for some time the consultant's recommendation that it conduct a comprehensive planning session at a location away from the Yard, and that session was finally held in January. For three days, the Committee members lived-in at the Masters, Mates, & Pilots' Maritime Institute of Technology & Graduate Studies in Linthicum, Maryland. From this intense session emerged not only the detailed planning for the establishment and functioning of the E.I. Teams, but also a new sense of trust and open communications among Committee members which has endured to date.

After returning to the Yard, Committee members met jointly with all employees to report to them the products of the offsite planning session. Those reports were supplemented by a flier distributed to all employees.

Approximately two weeks later, a subgroup of Steering Committee (now renamed "E. I. Committee") members visited the Philadelphia Naval Yard to study the operation of its Quality Circles Program.

Finally, in April, the selection from among volunteers of the E.I. Team members was conducted.

As had been agreed upon at the offsite planning session, three multi-craft E.I. Teams were established, each representing a different work location: the Ground Assembly, the Wet Dock, and the Build&g Basin. The members of each Team attended a three-day training session conducted by the co-coordinators and, at the close of the training session, each Team selected two co-chairmen (one Union and one Management.) The Team co-chairmen then attended an additional one-day training session, **also** conducted by the co-coordinators. After all of the painstaking preparation, the Teams were finally a reality and were ready to roll.

The Yard's employment level, unfortunately, was rolling downhill at an unprecedented rate: to 1,491 in April and, in August, to 644, the lowest point in our 66-year history. Indeed, of that 644, only 306 were bargaining unit employees. Layoffs, of course, have long been a fact of life in the shipbuilding industry (although less so in new construction than in repair), and Sparrows Point's employees have seen their share. What was ominously different about these layoffs, however, was that they saw employees with more than thirty years of service leaving the Yard and not knowing if they would ever be recalled. To say that this situation distracted people's attention from the E.1, Effort would be to underestimate the obvious.

In late August, however, came the announcement of the award to Sparrows Point of a contract for the conversion of three Maersk Line vessels to T-AKX Maritime Prepositioning Ships for the Military Sealift Command, and with that contract award came a new lease on life for the Yard. A significant aspect of the Maersk/Sparrows Point bid, incidentally, was a Union/Management agreement to extend the no-strike/nu-lockout provision of the labor agreement beyond the fixed expiration date of the agreement to the completion of work on the T-AKX contract.

The three E.1. Teams began to function and, as time passed, began increasingly to struggle. To the obvious problem of losing members to layoffs **was** added the extreme difficulty, which in retrospect we should have been able to anticipate, of trying to achieve any degree of central focus or consensus from among six or seven different crafts, each with its own problems, preferences, and priorities. Even after members had begun to be recalled from layoff, it was still evident that the Committee had aimed

too high in trying to cut its teeth on multi-craft Teams, that the Team members themselves were becoming frustrated, and that the credibility of the E-1. Effort might well be imperiled.

Finally and, perhaps, belatedly, the Committee acknowledged its error and dissolved the three multi-craft Teams in February, 1983. After much careful consideration, the Committee proceeded to create three new Teams: a Welding Team, 2 Shipfitting Team, and a Panel Shop Team. Just as with the previous Teams, the members were trained, they selected their co-chairmen, and the co-chairmen were trained.

As the new Teams began to meet and to function, things began to fall somewhat neatly into place, and their experience has been as gratifying as that of the earlier Teams was exasperating. After a tentative start characterized by a wariness of tackling a problem of significant magnitude, they have matured to the point where the problems which they select become increasingly "bigger" and "tougher". Their success was such that, in response to growing pressure from other groups, the Committee established three new Teams in September of 1983: a Sheet Metal Shop Team, a Service Dept. Team, and a Pipe Shop Team. By the end of 1983, all six Teams were functioning enthusiastically and were more than paying for themselves, even by traditional measures and without regard for increased morale.

In January, 1984, the night shift employees sent a very clear message that they felt that they were being accorded second-class treatment because they had no E.I. Teams. The ensuing exchange produced two more Teams: a 2nd Shift Welding Team and 2 2nd Shift Shipfitting Team. Once trained and set loose, they have prospered just as their daylight counterparts have.

I have sat by without interrupting while David has covered almost three years because I didn't know quite how or where to interject the rest of the background, so I'll try to do it here by just outlining the highlights.

In late 1983, with work on the T-AKK contract at its peak, with no other work on the order books, and with a commercial construction contract scheduled to be bid for which competition promised to be fierce, we approached the Union and proposed that we open early negotiations for a new labor agreement to replace the currently effective one that was not scheduled to expire until August 19, 1984. The Local's negotiators agreed to meet with us to listen to what we had to say. (Since the 1981 agreement was negotiated, the East Boston, Hoboken, and Key Highway Yards had all been permanently shut down, which left Sparrows Point as the only surviving yard covered by that agreement.)

We met with the Local's negotiators. We showed them a videotape which set forth the reasons why we felt it imperative that we reduce our employment costs. We then showed the same videotape to all employees. The General Manager and I then held meetings with all employees to answer their questions.

We continued to meet with the negotiators for the next several months. Those meetings culminated in a tentative agreement. The tentative agreement was ratified by vote of the membership on April 1, and was implemented that day.

In the immediate aftermath of the membership ratification vote, the National Union began efforts to set aside the new agreement, to remove the officers who negotiated it, and to place the Local in trusteeship. Those efforts were stymied by a Federal District Court injunction which has

continued to remain in effect. The legal contention and maneuvering has continued unabated for the last year and a half, and the end of it all is not yet clearly in sight.

That the Employee Involvement Effort has continued to progress in the face of this distraction, in particular, is a strong testament to its perceived niche in everyday life at the Yard, despite its relatively brief tenancy there.

Indeed, even after this short experience with it, it would be difficult to envision doing business without it.

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